

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE SIX MONTHS ENDED MARCH 31, 1976 (Unaudited)

(with comparative figures for the six months ended March 31, 1975)

AR52

	1976 (In thousands of dollars)	1975
FUNDS PROVIDED BY OPERATIONS		
Net Earnings	\$1,570	\$ 1,130
Depreciation	557	515
Amortization of Financing and other expenses	305	233
Deferred Income Tax	938	902
CASH FLOW from operations	3,370	2,780
Gain on disposal of investment properties	175	23
CASH FLOW for the period	3,545	2,803
Annual payments on long-term debt	1,616	1,287
Funds available from operations	1,929	1,516
Dividends paid	628	570
Funds available from operations for reinvestment	1,301	946
NEW FINANCINGS		
Additional long-term debt — net	4,740	18,930
Issues of Capital Stock	142	21
PROCEEDS (net of applicable mortgages) from disposal of investment properties less gains on disposal included in cash flow for the period.....	472	6
DECREASE in other assets — net	1,422	—
	8,077	19,903
FUNDS USED FOR		
Investment in real estate	6,734	5,667
Redemption of preference shares	39	7
Increase in other assets — net	—	422
	6,773	6,096
INCREASE IN FUNDS	1,304	13,807
FUNDS, beginning of period	6,083	158
FUNDS, end of period	\$7,387	\$13,965
CASH FLOW PER COMMON SHARE , after making provision for preferred dividends — (note 2)		
From operations	59c	48c
For the period	62c	49c

M E P C

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REGIONAL OFFICESEASTERN**Nova Scotia**6009 Quinpool Road
Halifax 429-6176**Quebec**710 Place d'Youville
Quebec City 692-18741470 Peel Street
Montreal 844-9351**Ontario**267 O'Connor Street
Ottawa 237-63731250 Bay Street
Toronto 964-8434WESTERN**Manitoba**310 Broadway Avenue
Winnipeg 947-0524**Alberta**239-8th Avenue S.W.
Calgary 266-169510025 Jasper Avenue
Edmonton 424-0507**British Columbia**1200 West Pender Street
Vancouver 681-9474880 Douglas Street
Victoria 383-4168

M.E.P.C. CANADIAN PROPERTIES LIMITED

INTERIM REPORT FOR
THE SIX MONTHS ENDED
MARCH 31, 1976

Board of Directors

Peter A. Anker, F.R.I.C.S., F.R.I.
Napic Consultants Limited, Toronto, Ontario
D. J. Davies, M.A.
MEPC Limited, London, England
Gordon C. Gray, F.C.A., F.R.I.
A. E. LePage Limited, Toronto, Ontario
R. A. Greiner, F.R.I.
M.E.P.C. Canadian Properties Limited, Toronto, Ontario
R. H. D. King, C.A., F.C.A.
M.E.P.C. Canadian Properties Limited, Toronto, Ontario
D. A. McIntosh, Q.C.
Fraser and Beatty, Toronto, Ontario
The Hon. W. J. McKeag
McKeag Realty Ltd.
Winnipeg, Manitoba
W. C. Mearns, B.A., P.Eng.
Bank of British Columbia, Vancouver, British Columbia
The Hon. Angus Ogilvy
MEPC Limited, London, England
G. E. A. Pacaud, B.Sc., LL.B.
M.E.P.C. Canadian Properties Limited, Toronto, Ontario
A. Ross Poyntz, F.C.I.A.
The Imperial Life Insurance Company of Canada,
Toronto, Ontario
D. N. Stoker
Nesbitt, Thomson and Company Limited, Montreal, Quebec

Executive Officers

A. Ross Poyntz, F.C.I.A.
Chairman of the Board
Peter A. Anker, F.R.I.C.S., F.R.I.
Vice Chairman of the Board
R. A. Greiner, F.R.I.
President and Chief Executive Officer
G. E. A. Pacaud, B.Sc., LL.B.
Senior Vice-President and Secretary/Solicitor
R. H. D. King, C.A., F.C.A.
Vice-President and Treasurer
M. H. Morgan, F.R.I.C.S., F.R.I.
Vice-President, Property Operations
A. K. Stephens, F.R.I.
Vice-President, Investments
R. W. Heslop, B.Sc., F.R.I.
Vice-President, Eastern Region
C. M. Ramsay, L.C.O.
Assistant Secretary

Head Office

1027 Yonge Street,
Toronto, Ontario M4W 3E8
964-2811

Common Shares Listed

The Toronto Stock Exchange
The Montreal Stock Exchange

Preference Shares and Warrants Listed (October 1976 Series)

The Toronto Stock Exchange

TO THE SHAREHOLDERS M.E.P.C. CANADIAN PROPERTIES LIMITED

FINANCIAL

Results of operations for the six months ended March 31, 1976 show a substantial increase in earnings and cash flow compared to the same period last year. Earnings from operations have increased from 19 to 27 cents per share and cash flow from operations has risen from 48 cents to 59 cents per share. While much of the increase has been achieved from trading profits, which are not anticipated to be repeated in the second half of the year, there has also been an improvement in results from our investment portfolio.

Your Company remains in the strong financial position outlined in the last Annual Report. There has been a further increase of \$1,304,000 in funds in the first half of this year and we have recently arranged a mortgage commitment for \$2,500,000 on the retail project "Centennial Shops" in Calgary, Alberta.

REAL ESTATE

Your Company is continuing to look for new opportunities to expand the portfolio. Competition within the marketplace for the purchase of well-located investment properties is particularly keen and during the past year or so we have found it difficult to purchase existing properties that will yield a return above the cost of financing. In view of this and regulatory uncertainties created by the Foreign Investment Review Act and the Ontario Land Transfer Act, your Company is turning more of its attention to developments.

Your Company has acquired its first investment in the United States this year. It is an existing shopping centre in excess of 107,000 sq. ft. with surplus land for future development and is located in Seattle, Washington.

MARKET ACTIVITY

The demand for space is improving in most areas of the country. The "Border Place" suburban office development in Winnipeg and the "Centennial Shops" retail development on 8th Avenue in Calgary are now substantially completed and ready for occupancy. Leasing activity is proceeding on schedule in these two developments. In Vancouver we are still experiencing a soft market with regard to the leasing of the United Kingdom Building which is 70% leased at the present time.

OUTLOOK

In general it appears that the business activity in Canada is continuing to improve and we expect this trend to continue for the remainder of the year.

May 18, 1976

R. A. GREINER
President and Chief
Executive Officer

CONSOLIDATED STATEMENT OF EARNINGS FOR THE

SIX MONTHS ENDED MARCH 31, 1976 (Unaudited)

(with comparative figures for the six months ended March 31, 1975)

	1976	1975
	(In thousands of dollars)	
INCOME		
Rental Income	\$12,900	\$11,356
Trading Profits	775	141
	13,675	11,497
EXPENSES:		
Property	\$5,438	4,146
Interest — Net (note 1)	4,291	4,339
Administrative and general	496	385
	10,225	8,870
NET OPERATING INCOME	3,450	2,627
Depreciation	557	515
NET EARNINGS BEFORE TAX	2,893	2,112
Provision for income taxes:		
Current	\$ 385	80
Deferred	938	902
	1,323	982
NET EARNINGS from operations	1,570	1,130
Gain on disposal of investment properties after deducting deferred income taxes of \$45,000 (nil in 1975)	130	23
NET EARNINGS for the period	\$ 1,700	\$ 1,153
EARNINGS PER COMMON SHARE, after making provision for preferred dividends (note 2)		
From operations	27c	19c
For the period	29c	19c
NOTES		
1) Interest includes the following:		
Interest on long-term debt	\$ 5,795	\$ 5,501
Interest on Bank loans and other indebtedness	9	601
	5,804	6,102
Less Interest applicable to properties under development	702	821
	5,102	5,281
Less Income from short-term invest- ments and mortgages receivable	811	942
	\$ 4,291	\$ 4,339
2) Average number of Common Shares outstanding for the period	5,638,000	5,613,000